COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0186-01
Bill No.: SB 19
Subject: Economic Development, Disabilities, Revenue Department, Tax Credits
Type: Original
Date: December 20, 2012

Bill Summary: This proposal extends the sunset on the residential dwelling accessibility tax credit and modifies the allocation of tax credit cap from another tax credit program to this program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	$0	($0 to $100,000)	($0 to $100,000)
Total Estimated Net Effect on General Revenue Fund	**$0**	**($0 to $100,000)**	**($0 to $100,000)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☐ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning (BAP)** assume no fiscal impact on BAP. This proposal extends the sunset on the Residential Dwelling Accessibility Credit from December 31, 2013 to December 31, 2016. Redemptions under this program have never exceeded $23,040 in a single fiscal year. This proposal will reduce General and Total State Revenues by a similar amount.

Officials at the **Department of Economic Development** and the **Department of Revenue** assume there is no fiscal impact from this proposal.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume no anticipated fiscal impact to the department in FY2014, FY2015, or FY2016. This legislation may have an unknown increase to premium tax revenue beginning in FY2017 due to the possible sunset of tax credits. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by the potential sunset of tax credits beginning in FY2017.

According to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Residential Dwelling Accessibility tax credit program has had the following activity;

	FY 2010	FY 2011	FY 2012
Amount Issued	$23,040	$20,086	$6,501
Amount Redeemed	$23,040	$20,086	$6,501

Oversight assumes this tax credit was to expire on December 31, 2013 (FY 2014). This proposal extends the tax credit until December 31, 2016 (FY 2017) and therefore **Oversight** will show the continued loss to state revenue of the tax credits issued in FY 2015 and FY 2016. This tax credit has an annual cap of $100,000. **Oversight,** for the fiscal note, is showing the amount of loss of revenue to the State as a range of zero to the annual cap.

ASSUMPTION (continued)

According to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Rebuilding Communities tax credit program has had the following activity;

	FY 2010	FY 2011	FY 2012
Amount Issued	$1,419,758	$1,444,107	$1,883,336
Amount Redeemed	$1,553,894	$1,277,135	$1,388,190

Oversight assumes this proposal eliminates the provision that the Residential Dwelling Accessibility tax credit be funded with unused Rebuilding Communities funding. This part of the proposal would not cause an additional impact on General Revenue, since the annual issuance of the Rebuilding Communities tax credit program has been well below the $10 million dollar cap.

FISCAL IMPACT - State Government	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
Revenue Reduction- extension of the Residential Dwelling tax credit	$0	($0 to $100,000)	($0 to $100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**$0**	**($0 to $100,000)**	**($0 to $100,000)**

FISCAL IMPACT - Local Government	FY 2014 (10 Mo.)	FY 2015	FY 2016
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act extends the sunset from December 31, 2013, to December 31, 2016, on the section of law that creates the tax credit for certain taxpayers who modify their homes to make them accessible for a disabled resident.

Currently, the Rebuilding Communities tax credit program has a ten million dollar annual cap. If there are tax credits remaining under the cap, up to 100,000 dollars of this tax credit cap shall first be used for the residential dwelling accessibility tax credit. This act repeals the requirement that tax credits under the Rebuilding Communities tax credit cap be provided to the residential dwelling accessibility tax credit.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Budget and Planning
Department of Economic Development
Department of Insurance, Financial Institutions and Professional Registration
Department of Revenue

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JH:LR:OD